

# American Expenditures for Foreign Travel in 1949

**SIGNIFICANT** among current United States "imports" from foreign countries are the expenditures made for travel abroad by residents of the United States. Travel expenditures, excluding fare payments to and from noncontiguous areas, amounted to \$695 million in 1949, and were larger than any single commodity import except coffee. Travel payments in 1949 were 15 percent higher than in 1948, and 44 percent higher than the prewar peak of \$483 million in 1929 (see table 1).

## European Travel Relatively Low

Travel expenditures during 1949 in the European and Mediterranean area were about 13 percent lower than the 1929 peak. Expenditures in this area were \$135 million, or 70 percent below what they might have reached if the 1923-37 relationship to income had been maintained (see chart 1).

This relation indicates that after allowing for the influence of changes in income, travel expenditures in this area showed a declining trend during the base period.

The downward trend presumably reflects in large part the declining number and increase age of the foreign-born population of the United States following the restrictive legislation of the early twenties. This group of people, constituting about 10 percent of the total population of the country in 1929, furnished approximately 58 percent of the number of persons traveling to Europe and the Mediterranean area in that year. (In 1949, they constituted 51 percent of the total.)

Another factor in the downward trend was the fact that travel in the thirties was also restricted by political unrest, especially in central Europe. The declining trend is indicated by the time factor in the correlation equation, showing a decline in expenditures of about \$3.5 million a year.

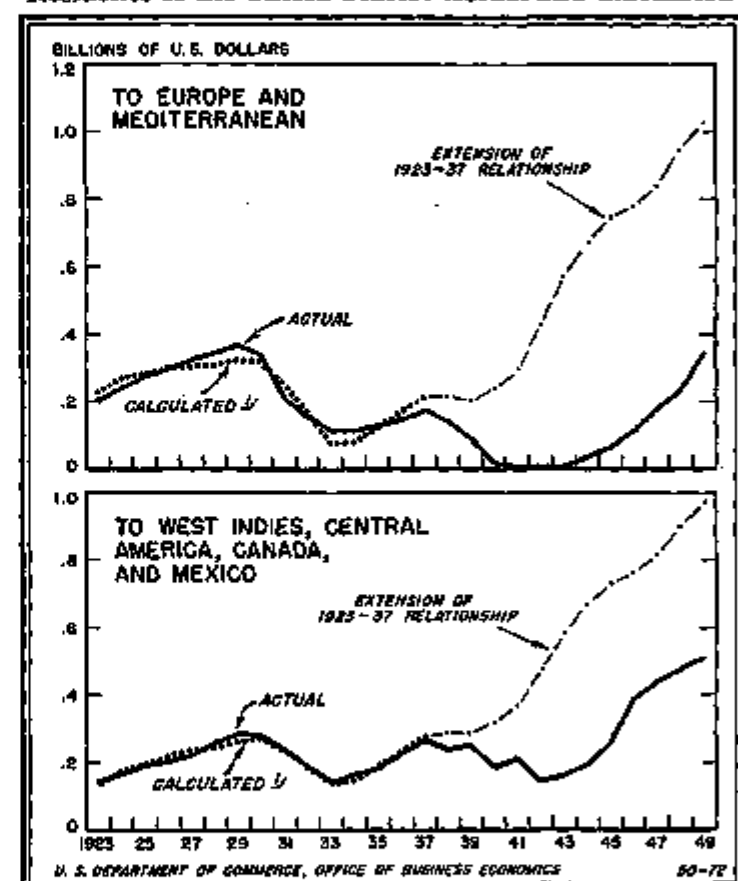
## Transportation shortage limits summer travel

The disparity between the actual and "calculated" amounts of travel expenditures in Europe in the postwar period may be accounted for partly by the shortage of transportation facilities, which in 1949 were only about 60 percent of the 1937 total for sea and air combined. That shortage affects summer-season travel significantly (see chart 2). It is evident from the record of citizen arrivals from Europe at the principal port of entry into the United States, New York, that during the period 1947-49 most of the increase in travel from year to year has been confined to the peak season.

As a result of the difficulty of travel to Germany and other countries in Central and Eastern Europe, only about 2 percent of total United States travel outlays in Europe were made in Germany in 1948-49—as compared with about 15 percent

in 1937-38 (see table 2). A factor generally tending to reduce postwar travel to Europe has been the unsatisfactory quality or outright shortage of food and tourist accommodations in many countries.

Chart 1.—Travel Expenditures, Including Fares, by Residents of the United States: Actual and Calculated



The calculated value is based upon a linear least squares regression of travel expenditures in millions of dollars (including fares), disposable personal income at current prices in billions of dollars, and a time trend (1930=0) for the years 1923-37. Disposable personal income (X) is the average of the preceding and current year, with respective weights of 2 and 1. Europe and Mediterranean,  $Y = -3.49t + 6.44X - 223.2$ ; West Indies, Central America, Canada, and Mexico,  $Y = 8.019t + 4.851X - 113.2$ .

Source of data: U. S. Department of Commerce, Office of Business Economics.

The favorable exchange rates resulting from currency devaluations, along with liberalized customs exemptions, large scale interchange of students and teachers between the United States and Europe, and an awakened interest in foreign culture aroused by the war, should serve to stimulate travel to Europe in the future. Still, it is highly possible in view of significant changes in basic economic and political conditions brought about by the war that United States travel expenditures will not reach the "calculated" value as determined by the prewar relationship.

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### Native Americans spend more than foreign-born

American travelers to Europe may be divided into three main categories: native-born United States citizens, naturalized or foreign-born citizens, and alien residents of the United States. In view of the fact that foreign travel by alien residents of the United States and foreign-born citizens is likely to be motivated chiefly by the desire to visit families or friends, their average expenditure, length of stay, means of transportation, and choice of countries visited differ widely from the pattern established by native-born citizens, who travel primarily for recreational purposes.

In 1948 all United States citizens traveling in Europe and the Mediterranean spent an average of \$683 per trip, excluding fares. Foreign-born United States citizens spent an average of \$541, compared with \$845 spent by native-born travelers. Americans of foreign birth visiting Europe in 1948 visited an average of 1.4 countries per trip, compared with 3.5 countries visited by native-born citizens.

The higher average expenditures in the case of native-born travelers can thus be attributed in part to the fact that the expense involved in traveling from one country to another—or from place to place within the same country—is obviously much greater than that incurred when remaining in a single locality. In addition, it is more costly to stop at hotels and other public lodging places than to stay at private residences; foreign-born citizens in most cases stay with relatives or friends.

In 1949, United States citizens spent an average of \$771 per trip. While separate averages have not yet been computed in 1949 for foreign-born and native-born citizens, the lower expenditure average of foreign-born travelers is implicit in the averages set forth for travelers according to class of steamship accommodation, showing the relative proportion of foreign-born carried in each class (see table 3). The average expenditure of residents traveling by first class to Europe amounted to more than twice that of tourist-class travelers, partly due to the larger proportion of foreign-born persons traveling tourist class.

The range in per diem expenditures between first- and tourist-class travelers was even wider than in the case of total expenditures. Thus, a decrease in the numbers of foreign-born travelers would be more than offset by a proportionate increase in native-born travelers, whose expenditures average 56 percent more than European-born travelers.

About 62 percent of total American travel payments to Europe and the Mediterranean area during 1949 were made in France, the United Kingdom, and Italy (see table 2). France received the largest share of the American tourist's expenditures in Europe—in contrast to the late 1930's when the United Kingdom ranked first in tourist receipts. Furthermore, the highest per capita expenditures in 1949 were made in France despite the fact that the average length of stay there was only 22 days. American travelers stayed longer in Italy, Eire, Norway, and the United Kingdom.

A greater proportion of American visitors to Europe in 1949 visited France than any other European country, with the United Kingdom ranking second (see table 4). Italy received the third largest number of visitors, showing an increase in absolute numbers of 25 percent over 1937. This increase has been largely due to heavy travel to Italy by our foreign-born citizens, superimposed on normal tourist travel, both of which had been curtailed in the middle and late 1930's due to political disturbances.

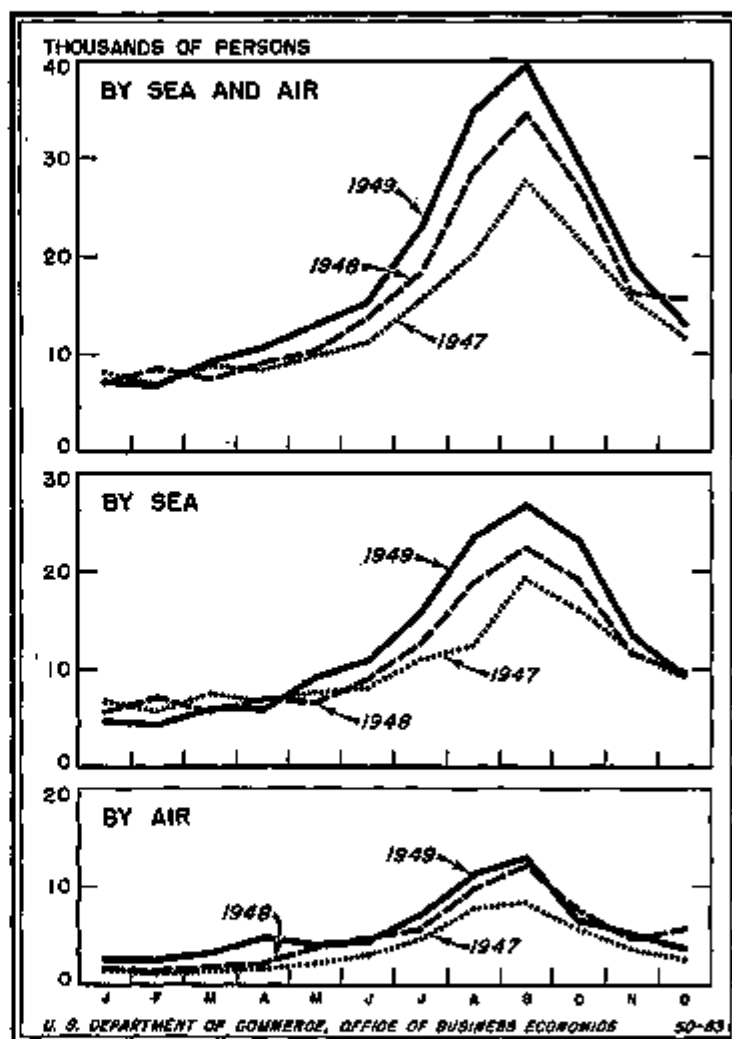
### Many factors affect destinations

Important factors in determining the choice of the country visited—in addition to family connections or other personal relationships—are transportation facilities with the United

States, whether access to a country is direct or necessitates transit through other countries, the extent of its tourist attractions, the traveler's business affiliations, and the relative costs of travel, including the effect of exchange rates.

Thus, although in 1940 the United Kingdom ranked third as a country of birth of our European-born population, it ranked first during the prewar years as the destination of United States citizen travel, which can be attributed in part to its tourist attraction and to the fact that British ports furnished a major gateway to Europe.

Chart 2.—United States Citizens Arriving at the Port of New York from Europe



Source of data: U. S. Department of Justice, Immigration and Naturalization Service.

France, Switzerland, Belgium, and Netherlands have received a consistently large share of American travelers for many years in spite of the fact that they do not rank high as countries of origin of the European-born population of the United States. United States citizens born in these countries indicate a propensity to return to Europe greater than the average for the area (see table 5).

The average 1949 length of stay in Europe, 63 days, was substantially above the 1937-38 average of 52 days. This is in part due to the postwar upsurge in the proportion of foreign-born travelers to Europe. The average 1948 length of stay, 79 days, was still higher, reflecting even more clearly the backlog of family travel accumulated during the war. That backlog is being worked off, as is evidenced by the

decline in the proportion of alien-born travelers from 60 percent in 1948 to 51 percent in 1949.

It is interesting to note that the length of stay of travelers to Europe and the Mediterranean area also varies with the class of steamship accommodation used, and between sea and air travelers (see table 3). Citizens traveling by first class during 1949 remained in Europe for the briefest period, while tourist class travelers averaged the longest stay. Travelers by air to Europe during 1949 averaged 47 days in the area, compared with sea travelers who averaged 71 days.

### Travel to Nearby Areas at New High

Travel expenditures in nearby areas of the Western Hemisphere—Canada, Mexico, and the Caribbean region—reached a new high in 1949. Only 15 percent of the foreign-born population of the United States originated in the Western Hemisphere; for this reason family ties are relatively insignificant in stimulating travel to this area. If all Canadian-born United States residents had visited Canada in 1948, for example, they would have accounted for less than 10 percent of the total number of travelers, whereas over 50 percent of the American residents visiting Europe were born there. However, the advantage of proximity, with the resulting lower cost of travel, far outweighs this factor, with the result that expenditures in Canada alone are far greater than those in all Europe.

### Upward trend in nearby travel

The growing popularity of the nearby region among American travelers is reflected in the relationship between travel expenditures and disposable personal income, which in the prewar years showed a rising trend (see note to chart 2).

This upward trend seems to be the result of various factors, and the influence of each cannot be measured with any degree of precision. However, among the more important are the following:

1. The economic depression of the thirties seems to have led to a substitution of lower cost (nearby) foreign travel for European trips.

2. The improvement in the highway systems of Canada and Mexico, accompanied by developments in the motor car which make longer trips safer and more pleasant, led to a rapid increase in motor travel to all destinations accessible by highway.

3. The increase in the number of paid vacations, especially in industry, has probably been more of a stimulative factor with regard to nearby travel, since the typical vacation period (2 weeks) will permit trips to Canada and Mexico but not to Europe, except by air.

4. With the reduction of travel to Europe after 1929-30, many ships were transferred to Caribbean cruise travel, leading to an increase in the number of cruise passengers to this area from 15,000 in 1929 to 98,000 in 1937, and to the popularization of the area.

Table 1.—Travel Expenditures<sup>1</sup> Within Foreign Countries by Residents of the United States, Selected Prewar Years and 1946-49

Year	Europe and Mediterranean		Canada		Mexico		West Indies and Central America		Other countries		Total
	Millions of dollars	Percent of total	Millions of dollars	Percent of total	Millions of dollars	Percent of total	Millions of dollars	Percent of total	Millions of dollars	Percent of total	Millions of dollars
1920.....	102	53.7	82	27.4	5	3.1	19	10.0	11	5.8	196
1925.....	213	44.1	178	36.9	30	7.5	37	7.7	18	3.8	462
1932.....	67	33.7	71	35.7	33	18.6	19	8.5	9	4.5	199
1937.....	97	27.0	155	44.8	44	12.5	35	10.1	15	4.0	346
1946.....	63	13.8	309	46.7	125	27.3	35	7.7	25	5.5	467
1947.....	103	18.8	241	44.3	110	21.1	55	10.2	30	5.0	544
1948.....	125	21.3	270	44.0	114	18.0	52	8.7	37	6.1	601
1949.....	135	21.0	280	40.3	128	19.4	57	8.2	35	5.5	635

Note.—Details may not add to total because of rounding.

<sup>1</sup> Estimates exclude fare payments made to United States and foreign carriers for travel between the United States and noncontiguous foreign countries. In the case of estimates for travel expenditures in Canada and Mexico, train and bus fares granted on the basis of the mileage covered in each country and plane and boat fares paid to Canadian or Mexican carriers are included, with estimated travel expenditures in Canada and Mexico. All estimates exclude travel expenditures by military personnel, employees of the government and international agencies, and persons employed abroad, and include shore expenditures of cruise passengers. For methodology underlying estimates, see *Overseas Travel and Travel Expenditures in the Balance of International Payments of the United States, 1919-38*, U. S. Department of Commerce, 1939, pp. 80-95, and *The Balance of International Payments of the United States, 1938-48*, U. S. Department of Commerce, 1949, pp. 217-225.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 2.—Estimated Expenditures of United States Residents Within Europe and the Mediterranean Area,<sup>1</sup> 1937-38 and 1948-49

(Millions of United States dollars)

Country	1937	1938	1948	1949
France.....	13.6	17.4	28.0	60.0
United Kingdom.....	21.8	18.6	24.0	34.0
Italy.....	10.4	19.2	14.8	30.0
Switzerland.....	4.1	3.0	12.0	18.5
Sweden.....	2.3	3.0	3.0	7.0
Netherlands.....	2.4	1.8	4.0	0.0
Belgium.....	1.6	1.3	4.0	5.8
Norway.....	1.7	2.0	0.0	5.0
Elm.....	3.4	3.0	4.0	5.0
Germany.....	15.2	11.5	2.5	4.5
Denmark.....	1.5	1.4	3.5	3.5
Other.....	10.5	10.7	13.1	15.7
Total, Europe and Mediterranean.....	97.4	78.5	127.5	165.9

<sup>1</sup> Data compiled from questionnaire returns. Figures exclude expenditures for travel by military personnel, employees of the United States Government and international agencies, and persons employed abroad.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 3.—Estimated Percent of Foreign-Born and Average Expenditures, Length of Stay, and Round Trip Fare Payments of Citizens Traveling to Europe and the Mediterranean During 1949, by Class of Accommodation

Means of travel and class of accommodation	Percent of foreign-born <sup>1</sup>	Average length of stay <sup>2</sup> (Days)	Average expenditures within foreign countries <sup>1</sup>		Average round-trip fare and shipboard expenses
			Per trip	Per diem	
Sea:					
First class.....	28	65	\$1,278	\$23.20	\$946
Cabin class.....	52	26	690	9.08	538
Tourist class.....	51	30	517	9.46	404
Mono class.....	40	74	547	7.39	400
All classes.....	47	71	777	10.91	581
Air.....	48	47	757	16.11	694
Sea and air, total.....	47	63	771	12.24	624

<sup>1</sup> Based on tabulations of passenger manifests, citizens arrivals from Europe and Mediterranean at New York.

<sup>2</sup> Data compiled from questionnaire returns. Figures exclude expenditures of military personnel, employees of the Government and international agencies, and persons employed abroad.

Source: U. S. Department of Commerce, Office of Business Economics and Office of International Trade.

Table 4.—Principal Countries Visited by United States Citizens Traveling in Europe and Mediterranean Area, 1937-38 and 1948-49<sup>1</sup>

Country	Percent of United States citizens traveling in Europe who visited country specified				Average number of days spent by United States citizens in country specified			
	1937	1938	1948	1949	1937	1938	1948	1949
Belgium.....	16	36	15	20	6	5	10	9
Denmark.....	7	9	13	8	13	10	34	23
France.....	55	40	30	60	12	15	24	22
Germany.....	40	36	10	18	25	20	41	24
Italy.....	8	11	0	7	27	38	40	26
Netherlands.....	20	28	24	37	21	27	40	32
Norway.....	18	20	17	20	7	4	13	8
Sweden.....	5	7	15	7	30	15	50	20
Switzerland.....	7	8	17	0	14	22	16	24
United Kingdom.....	27	23	22	33	7	10	30	15
.....	62	64	48	50	17	25	31	26

<sup>1</sup> Data compiled from questionnaire returns. Figures exclude travel by military personnel, employees of the United States government and international agencies, and by persons employed abroad.

<sup>2</sup> Excludes visitors to Scotland.

Source: U. S. Department of Commerce, Office of Business Economics.

5. Finally, the rapid expansion of facilities for air travel to the Caribbean area in the thirties also served to increase travel to that section, by greatly reducing the amount of time necessary for a Caribbean trip, particularly by people who are vacationing in Florida.

As determining influences, these factors may not show the same rate of development in the future as they did during the interwar period. High economic activity may reduce the urge of substituting travel in nearby areas for transatlantic vacations. The improvement of the highway system in the United States and Canada is not likely to proceed at the same pace as before the war, and the number of automobiles in use is not expected to rise at the prewar rate. Consequently the extension of the prewar trend will depend upon the appearance of other stimulating factors.

The calculated expenditures shown for the postwar years in chart 1 do, however, assume the extension of the prewar upward trend. The difference already existing between actual and calculated expenditures in nearby areas during the postwar years may be partly accounted for by the shortage of tourist accommodations in Canada, which accounts for 60 percent of expenditures in the nearby foreign areas. Travel to the West Indies and Central America has also been restricted since the war by the continued shortage of regular steamship accommodations, available services in 1949 amounting to less than two-fifths of the 1937 total. The shortage of ships in cruise service has further restricted travel to the area in 1949.

### Largest expenditures in Canada and Mexico

American travelers spent \$280 million in Canada in 1949 (see table 1), the highest amount ever recorded for expenditures in any single country. Mexico, with \$135 million, received more United States tourist dollars than any country except Canada. In each of these countries, spending by persons living or visiting adjacent to the international boundary (who cross frequently to utilize facilities in the border towns of Canada and Mexico) forms a significant fraction of the total—22 percent in the case of Canada and 48 percent in the case of Mexico in 1949.

The high level of expenditures in these countries may be attributed, of course, to their accessibility, especially by motor car. In 1949, for instance, 30 percent of the bona fide travelers to Canada (excluding "border crossers") employed private automobiles.

While disbursements in Canada were up only slightly in 1949 as compared to 1948, preliminary estimates indicate

Table 5.—Ratio of European-born United States Citizens Returning From Europe and the Mediterranean to Foreign-born Population by Country of Birth, 1949

Country	Percent
France.....	3.1
Belgium.....	2.3
Switzerland.....	2.2
Netherlands.....	1.7
Denmark.....	1.6
Norway.....	1.3
Sweden.....	1.2
United Kingdom.....	1.2
Italy.....	1.1
.....	1.1
Germany.....	1.0
Austria.....	.4
Poland.....	.3
U. S. B. I. <sup>2</sup>	.2
Other countries.....	.5
Total, Europe and Mediterranean.....	.8

Source: U. S. Department of Commerce, Office of Business Economics. Based on data obtained from the Bureau of the Census and Office of International Trade.

that travel to Mexico increased about 20 percent both in number of travelers and total expenditures. Improvement in the Mexican highway system continues to attract more and more American tourists. However, the sharp rise in 1949 can be attributed chiefly to the depreciation of the Mexican peso, beginning in July 1948 and culminating in an official stabilization on June 18, 1949 at 56 percent of the previous rate.

Travel expenditures in the West Indies and Central America are estimated at \$57 million during 1949—compared with \$52 million in 1948 and a prewar high of \$40 million in 1930. Although the highest travel expenditures in Europe and the Mediterranean were made in 1929, the prewar peak in travel payments to the Caribbean area lagged by 1 year, perhaps reflecting the tendency of travelers during a business depression to substitute less extensive and costly trips in place of more extended ones.

Inasmuch as the travel peak to the West Indies coincides with the Florida season, travel payments to Cuba and the Bahamas in particular are adversely affected by a decline in winter travel to Florida. That accounted for the 1948 drop in travel expenditures in Cuba to \$17.5 million from the record high of \$19.2 in 1947. During 1949, travel payments to Cuba were estimated at approximately \$18 million.

Travel expenditures by United States residents in Bermuda during 1949 showed a 40-percent increase over 1948 payments, as a result of the reopening of regular steamship service between Bermuda and the mainland.

### Expenditures in Other Areas Small

Travel expenditures in other areas—namely, South America, Oceania, and non-Mediterranean Asia and Africa—account for about 6 percent of total United States expenditures for foreign travel. The rise from \$16 million in 1937 to \$38 million in 1949 is largely accounted for by the increase of expenditures in South America from an estimated \$10 million in 1937 to \$22 million in the latter year.

The increase in business affiliations with South America during the past decade has been responsible for a portion of the increase in travel. In addition, the growth of transportation facilities by air has served to make South America more accessible for travelers.

Travel to Oceania and non-Mediterranean Asia and Africa is predominantly nonrecreational. Expenditures in these areas by United States residents, although showing a considerable percentage increase in terms of dollars, remain an insignificant portion of total travel payments.